

Message Text

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70

ORIGIN EUR-25

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DRAFTED BY EUR/RPM:EREHFELD

APPROVED BY EUR/RPM:EJSTREATOR

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EUR/NE: MR. FLOYD

EUR: MR. LOWENSTEIN (DRAFT)

----- 109680

P R 112103Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

INFO ALL NATO CAPITALS

C O N F I D E N T I A L STATE 199719

E.O. 11652: GDS

TAGS: MCAP, NATO

SUBJECT: 1975-1979 NATO COMMON INFRASTRUCTURE PROGRAM

REF: USNATO 4269

1. EMBASSY SHOULD TRANSMIT FOLLOWING LETTER TO MOD
MASON.

BEGIN QUOTE: 10 SEP 1974

MINISTER OF DEFENCE
THE RIGHT HONORABLE ROY MASON
MINISTRY OF DEFENCE
MAIN BUILDING, WHITEHALL
LONDON SW1A 1HB, ENGLAND

DEAR ROY,

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FOLLOWING UP ON OUR CONVERSATION AT BERGEN ON THE

NATO INFRASTRUCTURE PROGRAM, I APPRECIATE THE EFFORTS YOU HAVE MADE TO LIBERALIZE THE UK POSITION ON THIS ISSUE. I HAD HOPED THAT THE NEW UK POSITION WOULD PROVIDE A NEGOTIABLE BASIS FOR INFRASTRUCTURE REQUIREMENTS, BUT I AM INFORMED THAT A NEW IMPASSE HAS NOW DEVELOPED BETWEEN YOUR REPRESENTATIVES AND THOSE OF THE EUROPEAN GROUP CHARGED WITH FINDING A COMPROMISE.

IN THE SPIRIT OF THE OPEN AND PRODUCTIVE DISCUSSION WE HAD IN BERGEN I WOULD LIKE TO PRESENT A FEW OF MY OWN THOUGHTS TO YOU ON INFRASTRUCTURE. I DO NOT ARGUE FOR THE RECOMMENDATION OF THE NATO MILITARY AUTHORITIES WHO HAVE TOLD US THAT THEY REQUIRE OVER IAU 900 MILLION FOR THE 1975-1979 PERIOD, AT 1972 PRICES, NOR DO I CONSIDER THE ADDITIONAL FUNDS PROVIDED THROUGH THE EUROPEAN DEFENSE IMPROVEMENT PROGRAM THAT AUGMENTED INFRASTRUCTURE FUND AVAILABILITY IN THE 1970-74 PERIOD.

THE CALCULATION BELOW IS BASED ON AN INFRASTRUCTURE PROGRAM OF IAU 250 MILLION OR IAU 50 MILLION PER YEAR FOR THE 1970-74 PERIOD. IT SHOWS THE COST OF PROVIDING AN ANNUAL PROGRAM OF IAU 50 MILLION AT 1969 PRICES. USING A LOW ESTIMATE OF 6 PERCENT AVERAGE INFLATION RATE FOR THE FIRST FOUR YEARS, 10 PERCENT FOR 1974, AND FORECASTING 10 PERCENT PER YEAR IN THE 1975-79 PERIOD, I ARRIVE AT THE FOLLOWING:

IAU MILLION		IAU MILLION	
1970	53	1975	76
1971	56	1976	84
1972	59	1977	93
1973	63	1978	102
1974	69	1979	112

TOTALS: 300 467

THESE ARE VERY ROUGH FIGURES, BUT I BELIEVE THEY ARE REASONABLY ACCURATE. THEY DEMONSTRATE THAT TO MAINTAIN THE INFRASTRUCTURE PROGRAM IN THE CYCLE NOW ENDING UNDIMINISHED IN REAL TERMS, 467 MILLION IAUS MUST

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BE PROVIDED FOR THE NEXT CYCLE. WE KNOW THAT DEFENSE MINISTERS WERE PERSUADED TO INCREASE THE CURRENT PROGRAM TO IAU 305 MILLION EVEN AFTER THE ADDITION OF IAU 150 MILLION FROM EDIP.

FOR THE COMING FIVE-YEAR PERIOD, WE AGREE WE MUST CONTINUE TO MEET THE ROUTINE REQUIREMENT TO REPLACE, MODERNIZE, AND MODIFY OUR FACILITIES TO ACCOMMODATE

NEW WEAPONS SYSTEMS AND AUGMENTATION FORCES. IN ADDITION, WE NEED TO COMPLETE THE NATO INTEGRATED COMMUNICATIONS SYSTEM, GET A SUBSTANTIAL START ON FORWARD STORAGE SITES, PROVIDE AIRCRAFT SHELTERS FOR M PLUS 3 AIRCRAFT AND TO COMPLETE THE SHELTER PROGRAM IN THE UK, EXTEND THE AIR DEFENSE GROUND ENVIRONMENT SYSTEM TO THE UK AND TO PROVIDE FOR ITS GROWTH, AND PROVIDE FACILITIES

FOR RECEPTION AND OPERATIONAL SUPPORT OF THE RATHER LARGE AIR AUGMENTATION FORCES. THESE REQUIREMENTS CANNOT BE MET FOR LESS THAN IAU 600 MILLION.

GIVEN THE HIGH PRIORITY PROJECTS COVERED BY INFRASTRUCTURE, I WOULD LIKE TO ASK YOU ONCE AGAIN TO REVIEW THE UK POSITION TO SEE IF IT WOULD NOT BE POSSIBLE TO ACCEPT THE COMPROMISE OFFERED BY OUR ALLIES OF IAU 450 MILLION (ABOUT THE AMOUNT NECESSARY TO PROVIDE IAU 50 MILLION ANNUALLY AT 1969 PRICES). WE SHOULD ALSO, IN MY OPINION, ALLOW FOR THE POSSIBILITY THAT COSTS WILL CHANGE OR THAT ADDITIONAL URGENT REQUIREMENTS WILL APPEAR AND AGREE TO EXAMINE THE INFRASTRUCTURE PROGRAM AFTER THE FOURTH YEAR, AS WE HAVE DONE IN THE CURRENT PERIOD, TO DETERMINE WHETHER ADDITIONAL FUNDS ARE REQUIRED.

I HAVE WRITTEN THIS LETTER IN FULL AWARENESS OF THE PRESSURES YOU ARE UNDER TO CUT THE DEFENSE BUDGET. THESE ARE PRESSURES WHICH I SHARE IN WASHINGTON, BUT IT SEEMS TO ME THAT WE AS DEFENSE MINISTERS ARE UNIQUELY OBLIGED TO ASSURE THAT NATO'S HIGHEST PRIORITIES ARE MET. I ASK YOUR SUPPORT.

I VERY MUCH LOOK FORWARD TO SEEING YOU AT THE ROME NPG
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IN NOVEMBER AND HOPE AT THAT TIME WE CAN HAVE A WIDE RANGING CONVERSATION ON DEFENSE ISSUES.

WITH WARM PERSONAL REGARDS,

SINCERELY,

JAMES SCHLESINGER

END QUOTE

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